

*** From the Education Lock Box**

RELATIONSHIP

Relates to House Bill 1

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of CC Amendments

The Conference Committee increased FY08 appropriations by \$8 million. This includes \$1.9 million for TRD with the expectation that additional auditors would boost FY08 general fund revenue by \$4.9 million. With Conference Committee amendments, total FY08 recurring general fund appropriations are \$5.65 billion.

Significant recurring changes include an additional \$500.0 to expand mental health services, \$500.0 to the Higher Education Department for operational costs of the innovative digital education and learning system (IDEAL), \$500.0 for soil and water districts and \$450.0 for school breakfast programs. Significant recurring reductions include \$2 million for the adult Medicaid expansion.

The conference committee added \$6.7 million nonrecurring general fund appropriations offset by a similar amount of reductions, mostly for higher and public education. Significant increases include \$1.4 million for state police cost overruns, \$500.0 for public education test development, an additional \$550.0 for the supplemental to Secretary of State and \$500.0 for the technology research collaborative. Finally, FY07 funding for low income heating assistance of \$6 million was added back.

The appropriations contained in the conference committee report can be summarized as follows:

| Agency | General Fund | Other State Funds | Internal Service Funds/InterAgency Trnsfrs | Federal Funds | Total |
|---|-----------------------|-----------------------|--|-----------------------|------------------------|
| SECTION 4 FY08 Operating | | | | | |
| Recurring: | | | | | |
| Legislative | 3,941.8 | - | - | - | 3,941.8 |
| Judicial | 193,352.8 | 9,109.2 | 14,166.9 | 2,571.6 | 219,200.5 |
| General Control | 189,706.5 | 337,554.9 | 824,671.6 | 17,310.0 | 1,369,243.0 |
| Commerce & Industry | 55,596.9 | 45,381.2 | 14,629.4 | 604.8 | 116,212.3 |
| Agric., Enrgy & Ntrl Res | 82,201.4 | 48,397.3 | 48,635.1 | 33,194.6 | 212,428.4 |
| Health, Hospitals & Human Svcs | 1,379,183.2 | 222,481.8 | 293,786.4 | 3,134,835.8 | 5,030,287.2 |
| Public Safety | 372,057.9 | 26,678.0 | 9,918.6 | 63,701.2 | 472,355.7 |
| Transportation | - | 446,905.9 | - | 358,129.4 | 805,035.3 |
| Other Education | 60,565.9 | 18,251.8 | - | 45,265.1 | 124,082.8 |
| Higher Education | 795,873.3 | 1,118,799.1 | 316.6 | 414,330.5 | 2,329,319.5 |
| Public School Support | 2,430,695.7 | 750.0 | - | 484,319.1 | 2,915,764.8 |
| Total Sec 4 Recurring | \$ 5,563,175.4 | \$ 2,274,309.2 | \$ 1,206,124.6 | \$ 4,554,262.1 | \$ 13,597,871.3 |
| Recurring: Section 8 | | | | | |
| Higher Education Compensation | 47,748.8 | - | - | - | 47,748.8 |
| Compensation | 42,070.3 | - | - | - | 42,070.3 |
| | \$ 89,819.1 | \$ - | \$ - | \$ - | \$ 89,819.1 |
| TOTAL RECURRING | \$ 5,652,994.5 | \$ 2,274,309.2 | \$ 1,206,124.6 | \$ 4,554,262.1 | \$ 13,687,690.4 |
| Recurring: Section 5&6 | | | | | |
| Specials | 23,926.1 | 500.0 | - | - | 24,426.1 |
| Total Recurring | 23,926.1 | 500.0 | - | - | \$ 24,426.1 |
| Nonrecurring: Sections 5, 6, and 7 | | | | | |
| Specials | 144,414.0 | 4,251.7 | - | 728.9 | 149,394.6 |
| Supplemental & Deficiency | 27,718.0 | 480.4 | - | - | 28,198.4 |
| Data Processing- ACF Education | - | 2,500.0 | - | - | 2,500.0 |
| Data Processing | - | 26,700.0 | - | - | 26,700.0 |
| Total Nonrecurring | \$ 172,132.0 | 33,932.1 | - | 728.9 | \$ 206,793.0 |

* ACF - Appropriation Contingency Fund

Synopsis of SFC Amendments

The Senate Finance Committee Amendments strike Sections 3 through 10 in their entirety and replaces with new sections and inserts a new section “Transfer Authority” allowing the governor with state board of finance approval to transfer at the end of fiscal year 2007, up to \$270 million if revenues and transfers to the general fund are not sufficient. The Senate Finance Committee amendments increase FY08 recurring general fund appropriations by \$5 million bringing total FY08 recurring general fund appropriations to \$5.65 billion.

Senate Finance Committee (SFC) amendments reflect significant input from the Education Committee. The total public school support appropriation for FY08 is up slightly, \$1.8 million, to \$2.490 billion, an increase of \$197 million or 8.6 percent over FY07. The Senate Finance Committee preserves the 5% salary increase for all school employees and the 1.5% combined increase in employer contribution to retirement. SFC amendments add: 1) an additional 2.5% average increase for instructional staff including nurses, psychologists, physical therapists and other professionals left behind by the three-tier boosts for teachers; and 2) \$1.5 million to replace Federal funds in after school programs.

SFC changes to higher education include reductions of \$3 million for inflation factors and “block-funded” special projects, a \$1 million increase for athletics and other increases for the School for the Deaf and the UNM Health Sciences Center.

The SFC amendments to the FY08 Medicaid general fund appropriation reduce the income threshold for adult eligibility expansion from 100% to 97% but include a \$3 million rate adjustment for providers in Medicaid waiver programs.

The Medicaid general fund appropriation increases \$80 million or 12.7 percent, to \$709 million. This includes \$16 million to offset a reduction of federal funds, accommodates enrollment growth of 5 percent and includes \$16 million for provider rate increases. It also includes \$13 million for the initiative recommended by both the executive and LFC to expand adult eligibility. This will significantly address the problem of uncompensated care. The HSD total general fund appropriation increases \$89 million and includes \$6 million for LIHEAP.

SFC amendments add \$2 million to CYFD to boost provider rates to cover a minimum wage increase. The general fund appropriation to CYFD increases \$16 million with \$5.7 million more for child care, a \$1 million increase to support for foster care and \$1 million for additional protective service case workers. General Fund for the Health Department increases \$29 million including \$5 million for additional slots for developmental disabilities waiver and \$1.9 million for autism services.

A SFC amendment assumes a 2.5% vacancy rate in compensation funding for a reduction of \$1 million.

Significant Section 5 SFC amendments include \$2 million for school breakfasts, \$850 thousand for housing oversight, and \$750 thousand for the X-Prize cup.

The appropriations contained in the amendment can be summarized as follows:

| Agency | General Fund | Other State Funds | Internal Service Funds/InterAgency Trnsfrs | Federal Funds | Total |
|-----------------------------------|-----------------------|-----------------------|--|-----------------------|------------------------|
| SECTION 4 FY08 Operating | | | | | |
| <i>Recurring:</i> | | | | | |
| Legislative | 3,941.8 | - | - | - | 3,941.8 |
| Judicial | 193,115.8 | 9,109.2 | 14,166.9 | 2,571.6 | 218,963.5 |
| General Control | 187,016.5 | 330,035.5 | 832,191.0 | 17,310.0 | 1,366,553.0 |
| Commerce & Industry | 55,021.9 | 45,381.2 | 14,629.4 | 604.8 | 115,637.3 |
| Agric., Enrgy & Ntrl Res | 82,201.4 | 48,397.3 | 48,635.1 | 33,194.6 | 212,428.4 |
| Health, Hospitals & Human Svcs | 1,378,593.2 | 222,481.8 | 293,786.4 | 3,134,835.8 | 5,029,697.2 |
| Public Safety | 371,812.9 | 26,678.0 | 9,918.6 | 63,701.2 | 472,110.7 |
| Transportation | - | 446,905.9 | - | 358,129.4 | 805,035.3 |
| Other Education | 60,115.9 | 18,251.8 | - | 45,265.1 | 123,632.8 |
| Higher Education | 794,693.3 | 1,118,799.1 | 316.6 | 414,330.5 | 2,328,139.5 |
| Public School Support | 2,430,695.7 | 750.0 | - | 484,319.1 | 2,915,764.8 |
| Total Sec 4 Recurring | \$ 5,557,208.4 | \$ 2,266,789.8 | \$ 1,213,644.0 | \$ 4,554,262.1 | \$ 13,591,904.3 |
| <i>Recurring:</i> | | | | | |
| <i>Section 8</i> | | | | | |
| Higher Education Compensation | 47,748.8 | - | - | - | 47,748.8 |
| Compensation | 42,070.3 | - | - | - | 42,070.3 |
| | \$ 89,819.1 | \$ - | \$ - | \$ - | \$ 89,819.1 |
| TOTAL RECURRING | \$ 5,647,027.5 | \$ 2,266,789.8 | \$ 1,213,644.0 | \$ 4,554,262.1 | \$ 13,681,723.4 |
| <i>Recurring: Section 5&6</i> | | | | | |
| Specials | 14,960.1 | 500.0 | - | - | 15,460.1 |
| Total Recurring | 14,960.1 | 500.0 | - | - | \$ 15,460.1 |
| <i>Nonrecurring:</i> | | | | | |
| <i>Sections 5, 6, and 7</i> | | | | | |
| Specials | 148,464.0 | 4,198.2 | - | 728.9 | 153,391.1 |
| Supplemental & Deficiency | 26,668.0 | 480.4 | - | - | 27,148.4 |
| Data Processing- ACF Education | | 2,500.0 | - | - | 2,500.0 |
| Data Processing | - | 27,000.0 | - | - | 27,000.0 |
| Total Nonrecurring | \$ 175,132.0 | 34,178.6 | - | 728.9 | \$ 210,039.5 |

* ACF - Appropriation Contingency Fund

Synopsis of House Floor Amendment 1

House Floor Amendment 1 removes the contingency language under the state equalization guarantee that tied an average 1.5 percent salary increase for public school employees to the enactment of House Bill 796 or similar legislation of the 1st Session of the 48th Legislature. The amendment replaces the stricken language with new language that the appropriations contain sufficient funds for five percent salary increase for public school employees.

Synopsis of Original Bill

House Appropriations and Finance Committee Substitute for House Bills 2, 3, 4, 5, 6, and 9 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY08 operation of state agencies, higher education and public schools.

Section 4, Fiscal Year 2008 Appropriations (pages 6 - 221);

Section 5, Special Appropriations (pages 221 - 231);

Section 6, Supplemental and Deficiency Appropriations (pages 231 - 233);

Section 7, Data Processing Appropriations (pages 233 - 244);

Section 8, Compensation Appropriations (pages 244 - 247)
Section 9 Additional Fiscal Year 2007 Budget Adjustment Authority (pages 247 - 250);
Section 10 Certain Fiscal Year 2008 Budget Adjustments Authorized (pages 250 - 259);
Section 12 Fund Transfers (page 259); and
Section 13 Severability (page 259).

FISCAL IMPLICATIONS

The appropriations contained in this bill can be summarized as follows:

| Agency | General Fund | Other State Funds | Internal Service Funds/InterAgency Trnsfrs | Federal Funds | Total |
|---|-----------------------|-----------------------|--|-----------------------|------------------------|
| SECTION 4 FY08 Operating | | | | | |
| Recurring: | | | | | |
| Legislative | 3,941.8 | - | - | - | 3,941.8 |
| Judicial | 192,714.8 | 9,459.2 | 13,816.9 | 2,571.6 | 218,562.5 |
| General Control | 186,831.5 | 330,035.5 | 832,191.0 | 17,310.0 | 1,366,368.0 |
| Commerce & Industry | 54,813.3 | 46,708.9 | 13,301.7 | 604.8 | 115,428.7 |
| Agric., Enrgy & Ntrl Res | 84,121.4 | 48,397.3 | 45,775.1 | 33,194.6 | 211,488.4 |
| Health, Hospitals & Human Svcs | 1,372,613.2 | 222,481.8 | 293,786.4 | 3,134,835.8 | 5,023,717.2 |
| Public Safety | 372,862.9 | 26,678.0 | 8,918.6 | 63,701.2 | 472,160.7 |
| Transportation | - | 446,905.9 | - | 358,129.4 | 805,035.3 |
| Other Education | 59,182.5 | 18,251.8 | - | 45,265.1 | 122,699.4 |
| Higher Education | 794,962.2 | 1,079,469.1 | 39,020.6 | 414,330.5 | 2,327,782.4 |
| Public School Support | 2,429,238.0 | 750.0 | - | 484,319.1 | 2,914,307.1 |
| Total Sec 4 Recurring | \$ 5,551,281.6 | \$ 2,229,137.5 | \$ 1,246,810.3 | \$ 4,554,262.1 | \$ 13,581,491.5 |
| Recurring: Section 8 | | | | | |
| Higher Education Compensation | 47,748.8 | - | - | - | 47,748.8 |
| Compensation | 43,149.0 | - | - | - | 43,149.0 |
| | \$ 90,897.8 | \$ - | \$ - | \$ - | \$ 90,897.8 |
| TOTAL RECURRING | \$ 5,642,179.4 | \$ 2,229,137.5 | \$ 1,246,810.3 | \$ 4,554,262.1 | \$ 13,672,389.3 |
| Recurring: Section 5&6 | | | | | |
| Specials | 15,121.8 | 500.0 | - | - | 15,621.8 |
| Total Recurring | 15,121.8 | 500.0 | - | - | \$ 15,621.8 |
| Nonrecurring: Sections 5, 6, and 7 | | | | | |
| Specials | 152,464.0 | 4,098.2 | - | 728.9 | 157,291.1 |
| Supplemental & Deficiency | 26,903.0 | 480.4 | - | - | 27,383.4 |
| Data Processing- ACF Education | - | 2,500.0 | - | - | 2,500.0 |
| Data Processing | - | 28,000.0 | - | - | 28,000.0 |
| Total Nonrecurring | \$ 179,367.0 | 35,078.6 | - | 728.9 | \$ 215,174.5 |

* ACF - Appropriation Contingency Fund

Unless otherwise indicated, appropriations from the general fund revert to the general fund at the end of FY08 unless otherwise indicated or provided by law. Exceptions include higher education institutions and public schools.

For several years the appropriation to the Attorney General’s Office has included \$1,756.0 from court settlement funds to support the agency’s operations. In FY08, the Attorney General’s Office assured both Legislative Finance Committee and Department of Finance and Administration that the agency will revert settlement funds to the general fund. The revenue section above shows the revenue swap between settlement funds and general fund.

RELATIONSHIP

General fund operating appropriations for most legislative agencies are contained in House Bill 1, the “Feed Bill.”

CTF/csd